

Adopted	Rejected
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## COMMITTEE REPORT

YES:	9
NO:	0

### MR. SPEAKER:

*Your Committee on **Labor and Employment**, to which was referred Senate Bill 410, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning state
- 3 and local administration.
- 4 Page 1, between the enacting clause and line 1, begin a new
- 5 paragraph and insert:
- 6 "SECTION 1. IC 5-10.2-2-2.5, AS AMENDED BY P.L.61-2002,
- 7 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 8 JULY 1, 2003]: Sec. 2.5. (a) Each board may establish investment
- 9 guidelines and limits on all types of investments (including, but not
- 10 limited to, stocks and bonds) and take other actions necessary to fulfill
- 11 its duty as a fiduciary for all assets under its control, subject to the
- 12 limitations and restrictions set forth in **section 18 of this chapter**,
- 13 IC 5-10.3-5-3, and IC 21-6.1-3-9.
- 14 (b) Each board may commingle or pool assets with the assets of any

other persons or entities. This authority includes, but is not limited to, the power to invest in commingled or pooled funds, partnerships, or mortgage pools. In the event of any such investment, the board shall keep separate detailed records of the assets invested. Any decision to commingle or pool assets is subject to the limitations and restrictions set forth in IC 5-10.3-5-3 and IC 21-6.1-3-9.

SECTION 2. IC 5-10.2-2-18 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 18. (a) As used in this section, "high growth company" means a sole proprietorship, firm, corporation, partnership, limited liability company, limited liability partnership, joint venture, trust, syndicate, or other business unit or association that:**

**(1) is not engaged in a business involving:**

**(A) real estate;**

**(B) real estate development;**

**(C) insurance;**

**(D) professional services provided by an accountant, a lawyer, or a physician;**

**(E) retail sales, except when the primary purpose of the business is the development or support of electronic commerce using the Internet; or**

**(F) gas and oil exploration; and**

**(2) either:**

**(A) is entering a new product or process area;**

**(B) has a substantial number of employees in jobs:**

**(i) requiring postsecondary education or its equivalent;**

**or**

**(ii) that are in occupational codes classified as high skill by the Bureau of Labor Statistics, United States Department of Labor;**

**(C) is primarily focused on the commercialization of research and development, technology transfers, or the application of new technology; or**

**(D) has had average annual revenues of less than ten million dollars (\$10,000,000) in each of the last two (2) calendar years.**

**(b) As used in this section, "venture capital" means capital**

invested in privately held equity or debt assets of a high growth company.

(c) If the board decides to allocate part of the fund assets to venture capital, the board shall adopt the following goals for its venture capital investments:

(1) The board's goal for investment in Indiana based high growth companies is at least twenty-five percent (25%) of the amount allocated to venture capital.

(2) The board's goal for investment in Indiana based or Indiana focused venture capital funds is at least twenty-five percent (25%) of the amount allocated to venture capital.

(3) The board's goal is to give preference to venture capital investments that could benefit high growth companies that are started in or with assistance from Indiana universities and colleges.

(d) The board has five (5) years after the date the goals in subsection (c) are adopted to achieve the goal percentages.

(e) A venture capital investment counts toward achieving the target percentage for all goals in which the investment qualifies.

(f) The board is not required to achieve the goal percentages under subsection (c) if the board exercising financial and fiduciary prudence determines that sufficient appropriate venture capital investments are not available in Indiana.

(g) This section expires July 1, 2013.

SECTION 3. IC 5-10.3-5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. (a) The board shall invest its assets with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The board shall also diversify such investments in accordance with prudent investment standards, **subject to the limitations and restrictions set forth in IC 5-10.2-2-18.**

(b) The board may invest up to five percent (5%) of the excess of its cash working balance in debentures of the corporation for innovation development subject to IC 30-4-3-3.

(c) The board is not subject to IC 4-13, IC 4-13.6, and IC 5-16 when managing real property as an investment. Any management agreements entered into by the board must ensure that the management agent acts

in a prudent manner with regard to the purchase of goods and services. Contracts for the management of investment property shall be submitted to the governor, the attorney general, and the budget agency for approval. A contract for management of real property as an investment:

(1) may not exceed a four (4) year term and must be based upon guidelines established by the board;

(2) may provide that the property manager may collect rent and make disbursements for routine operating expenses such as utilities, cleaning, maintenance, and minor tenant finish needs;

(3) must establish, consistent with the board's duty under IC 30-4-3-3(c), guidelines for the prudent management of expenditures related to routine operation and capital improvements; and

(4) may provide specific guidelines for the board to purchase new properties, contract for the construction or repair of properties, and lease or sell properties without individual transactions requiring the approval of the governor, the attorney general, the Indiana department of administration, and the budget agency. However, each individual contract involving the purchase or sale of real property is subject to review and approval by the attorney general at the specific request of the attorney general.

(d) Whenever the board takes bids in managing or selling real property, the board shall require a bid submitted by a trust (as defined in IC 30-4-1-1(a)) to identify all of the following:

(1) Each beneficiary of the trust.

(2) Each settlor empowered to revoke or modify the trust.

SECTION 4. IC 21-6.1-3-9, AS AMENDED BY P.L.1-2002, SECTION 88, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 9. (a) The board shall invest its assets with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The board shall also diversify such investments in accordance with prudent investment standards, **subject to the limitations and restrictions set forth in IC 5-10.2-2-18.**

(b) The board may:

(1) make or have made investigations concerning investments;

1 and

2 (2) contract for and employ investment counsel to advise and  
3 assist in the purchase and sale of securities.

4 (c) The board is not subject to IC 4-13, IC 4-13.6, or IC 5-16 when  
5 managing real property as an investment. Any management agreements  
6 entered into by the board must ensure that the management agent acts  
7 in a prudent manner with regard to the purchase of goods and services.  
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11 investment:

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15 make disbursements for routine operating expenses such as  
16 utilities, cleaning, maintenance, and minor tenant finish needs;

17 (3) shall establish, consistent with the board's duty under  
18 IC 30-4-3-3(c), guidelines for the prudent management of  
19 expenditures related to routine operation and capital  
20 improvements; and

21 (4) may provide specific guidelines for the board to purchase new  
22 properties, contract for the construction or repair of properties,  
23 and lease or sell properties without individual transactions  
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25 Indiana department of administration, and the budget agency.  
26 However, each individual contract involving the purchase or sale  
27 of real property is subject to review and approval by the attorney  
28 general at the specific request of the attorney general.

29 (d) Whenever the board takes bids in managing or selling real  
30 property, the board shall require a bid submitted by a trust (as defined  
31 in IC 30-4-1-1(a)) to identify all of the following:

32 (1) Each beneficiary of the trust.

33 (2) Each settlor empowered to revoke or modify the trust.

34 **SECTION 5. [EFFECTIVE JULY 1, 2003] IC 5-10.2-2-18, as**  
35 **added by this act, applies only to investments made after June 30,**  
36 **2003."**

37 Renumber all SECTIONS consecutively.

(Reference is to SB 410 as printed February 5, 2003.)

**and when so amended that said bill do pass.**

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Representative Liggett